



Date: January 21, 2010

To: Department and Office Directors
Department and Office Finance Managers

From: Beth Goldberg, Acting Budget Director
City Budget Office (CBO)

Re: Functional Priorities and Senior-Level Position Review

In light of significant growth in the number of senior-level positions in City government between 2002 and 2010, and in the face of a projected 2011 General Fund deficit in the \$40 million range, as well as financial challenges in many of the City's non-General Funds, on January 4, 2010, Mayor McGinn called for a review of senior management positions with the goal of eliminating or reclassifying 200 positions. The goal of this exercise is to begin to make the operational changes needed as the City positions itself to close the 2011 budget gap and allow the City – to the greatest extent possible – to preserve direct services.

In order to facilitate this process, the inventory, analysis and review of senior-level positions¹ will be conducted in conjunction with the "Functional Priorities" exercise. While not traditionally part of the functional priorities exercise, the integration of the position review exercise into the functional priorities process will provide a strong analytic foundation for CBO and the Mayor's Office to assess and analyze the role of senior-level positions in helping departments achieve their priorities.

This memorandum describes what information is requested and when the information is due to CBO. The work toward meeting the Mayor's objective as described above is being divided into three parts. Part I will involve an inventory of departmental services and senior-level positions. Part II, using information gathered under Part I, will identify departments' plans for meeting their assigned position reduction target. Part III will involve CBO analysis and review of the information submitted by departments and briefings with the Mayor's Office to reach final decisions on how to proceed with reductions or reclassifications of the senior-level positions.

¹ Senior-level positions include the following classifications: Executive 1 – 4; Manager 1 – 3; and Strategic Advisor 1 – 3.

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Part Ia

Department Services Inventory - Functional Priorities

The first task in this process is for departments to document the broad service categories that they deliver and the 2010 budget allocated to delivering these functions. This task is essentially the same as the “Functional Priorities” exercise last completed in 2006. Specifically, departments are asked to describe their department’s services or “functions” and then identify the director’s relative priorities for these functions. In the past, the functional priorities assessment has proven effective in re-assessing the City’s short- and long-term goals, and ensuring that resources are allocated to the City’s highest priority services.

Departments will submit a memorandum summarizing their conceptual approach to defining their priorities, along with 2011-2012 Departmental Functions by Priority Worksheet. **With the exception of Seattle Public Utilities (SPU), Seattle City Light (SCL), and the Seattle Department of Transportation (SDOT), the results of this work are due to the City Budget Office on February 5, 2010. Because of their relative size and complexity, SPU, SCL, and SDOT are being given an additional week – until February 12, 2010 – to complete this work.** Materials will be reviewed by budget analysts and forwarded to the Mayor’s Office.

The following steps should be taken in preparing functional priorities submittals:

1. Departments should provide a brief memorandum explaining how priorities were set and how they relate to existing departmental plans. In addition, the memorandum should briefly describe anticipated budget drivers for 2010 – 2012 that may influence changes in how functions are funded or that may create specific challenges in addressing certain priorities. Examples of these budget drivers might include changes in state funding, changes in the regulatory climate, anticipated non-General Fund deficits, and/or the need to replace or upgrade equipment.
2. Departments should use the attached Departmental Functions by Priority Worksheet to divide their 2010 Adopted Budget into functions. A **function** is a discrete service or activity provided by a department, such as a group of pools in Parks or parking enforcement in SPD. A function in this context may or may not correspond to a program in the existing budget. To the maximum extent possible, functions should correspond to one or a group of low orgs (or projects if your department has a project-based financial structure) in the existing budget.

A large department may end up with 50 or more functions, while a small department might have a few functions. For some departments, the “functions” may not coincide perfectly with the current structure of their budgets. We are not expecting departments to change their budget structures. This information is only intended to facilitate decision-making. Departments are encouraged to coordinate with their budget analysts and budget leads at the outset of this exercise to determine an appropriate functional break down for their departments. Please work with your budget analyst to determine an appropriate breakout of functions.

In addition, departments are asked to segregate their personnel/human resources functions, accounting and information technology functions into discrete functional categories.

3. Once the functions are identified, departments should estimate each function’s 2010 budget (including how much is supported by the General Subfund). We recognize the budget

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estimates will not be precise in all cases because budgets are not established by these functional classifications. However, the sum of the functional budgets should match the department's total 2010 budget. In addition, departments should estimate the approximate number of FTEs associated with each function.

4. Next, departments should establish a priority ranking for each function, ranging from highest to lowest. In assigning priorities, departments should use the following categories: H - High, MH - Medium High, M - Medium, ML - Medium Low, L- Low. Departments should use an internal process to develop priorities, with participation from management-level employees and budget staff. At this time, we do not anticipate that departments would involve the public, constituencies, or labor in their priority-setting work.
5. Departments should use a 3-5 year horizon when defining their priorities. If the department's mission requires phasing out some completed initiatives or activities, these should be identified. If the administration has directed the department to engage in specific new initiatives, these activities should be included among the other activities according to their priority, and flagged as NEW. Specific instructions on phase outs and new initiatives are included in the Departmental Functions by Priority Worksheet.

Part Ib

Senior-Level Position Inventory

The second task is for departments to provide an inventory of *all* of their senior-level positions. For this exercise, senior-level positions are defined as positions with titles of Executive 1 – 4, Manager 1 – 3, and Strategic Advisor 1 – 3.

Information from this inventory, together with data from the Departmental Functions by Priority Worksheet, will be used to analyze and develop plans for achieving the Mayor's goal of eliminating or reclassifying senior-level positions in City government in an effort to address the forecasted budget gaps and in order to preserve to the greatest extent possible direct services.

Inventory information will be collected on a CBO-generated worksheet. This Senior-Level Position Inventory Worksheet will list all senior-level positions budgeted and authorized for each department. The Worksheet will be populated by CBO with basic information about each senior-level position.

Departments are asked to augment this information with the following:

- A narrative description of each position (100 words or less), including a discussion about the outcomes/results produced by each position and the deliverables generated by the position
- The funding source for each position (General Fund, other funds, or both)
- How the positions fit in with the functional priorities
- Number of staff (and classification level) that report to each position

Today, a Senior-Level Position Inventory Worksheet for each department will be sent separately, directly to the department's finance manager.

Like the functional priority work, the 2010 Senior-Level Position Inventory Worksheet is due to your budget analyst (with a cc to Julie Johnson) on February 5th, with the exception

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of SPU, SCL, and SDOT. These last three agencies have a due date of February 12th in recognition of their relative size and complexity.

Part II

Developing Plans to Meet the Position Target Reductions

Following completion of Part I above, departments are asked to then develop a plan to meet the position targets that have been established by the Mayor's Office. Position targets are being assigned to departments based on the growth in the number of senior-level positions since 2002 – especially those vacant positions reclassified into the senior-level positions outside of the normal budget process – as well as the total number of senior-level positions in their budget.

Departmental targets will be distributed to department directors at Cabinet on January 22, 2010.

The following guidelines are provided to help departments understand expectations and desired outcomes:

1. Based on the descriptions above and an assessment of departmental operations, identify senior-level positions for elimination and/or consolidation of bodies of work equal to the departmental position targets.
2. In addition, reclassification of senior-level positions *may* be considered on a case-by-case basis. However, proposed reclassifications are not intended to replace the request for a plan to eliminate positions as described in #1 above. Rather, such proposals should be presented as an alternative to (and in addition to) a plan that meets the full target assigned to each department by eliminating positions. In the case where reclassifications are proposed, departments should make clear in their proposal how assigned bodies of work can be altered in order to justify reclassification out of the senior-level classifications strategic advisor, manager, or executive (this will be subject to review by the Personnel Department).

Intra-departmental reorganizations may be required in order to meet the position target reductions. If this is the case, departments should fully explain this plan as part of their response to Part II of this exercise. Position eliminations outside of the executive, manager, and strategic advisor classifications do not count against senior level target reductions.

The Mayor's Office recognizes that this effort could result in altered service levels, and as such departments will be asked in their reduction plan to describe the consequences of eliminating or reclassifying the positions. They will also be asked to describe how they would manage or alter their programs in the absence of these positions.

Department reduction plans, as well as supplemental proposals for meeting the reductions through reclassifications (after fully documenting how a department would meet the target solely through the elimination of positions) should be presented in both a memo to CBO and with detailed information by position on the Senior-Level Position Inventory Worksheet, utilizing the columns labeled for this part of the exercise. The Worksheet should identify the positions

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proposed for elimination, how the work will be managed/reallocated/eliminated, and the anticipated outcome or impact on the department's function or functions that would result if the position were eliminated. These responses detailed by position will be limited to 100 words or less. The memo should include a summary description of the proposal (and alternative proposal if applicable); a summary of how the department will manage/re-allocate/eliminate the workload without these positions; and a summary of the anticipated outcomes or impact on departmental functions. The memo should provide additional context to the detailed information in the template. For supplemental reclassification proposals, departments should explain how they will change the nature of work being performed to justify the proposed non-senior-level classification.

Departments are asked to provide an organizational chart that depicts reporting relationships under the current structure as it exists within the department, as well as an organizational chart that depicts reporting relationships after implementation of the proposed changes.

Reponses to Part II of this exercise are due to your budget analyst (with a cc to Julie Johnson) on **February 19, 2010** for all agencies with the exception of SPU, SCL and SDOT. These latter agencies have a due date of **February 26, 2010** in recognition of their large size and relatively complexity.

Departments may need to obtain orders of layoff information from the Personnel Department in order to complete Part II of this exercise. In order to meet the deadlines put forth in these instructions, Personnel needs to receive from departments all requests for orders of layoff by no later than January 29, 2010.

Part III

Next Steps – Analysis and Decision Making Process

Following completion of Parts I and II, CBO analysts and budget leads will conduct a thorough review and analysis of the items submitted by departments. Departments can expect follow-up questions from CBO as this work unfolds. CBO will also coordinate with staff from the Personnel Department on the review and analysis of the personnel information provided by departments.

This analytic review will culminate in the presentation of a series of options and recommendations to the Mayor's Budget Subcabinet and then the Mayor himself. Departments will be given an opportunity for input in this process. Phase III is expected to conclude on March 22, 2010 with the issuance of the Mayor's final decisions on which positions to eliminate or reclassify. Work may also continue beyond March as it relates to decisions that may be implemented as part of the 2011-2012 budget process.

CBO will provide additional information on how the analysis and decision process will occur, including more precise timing on when departments will be able to provide input, over the next few weeks.

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Deliberative Process

The documents prepared as part of the functional priorities and senior-level review process should be treated as working documents that will be used as part of the Mayor's 2010, 2011 and 2012 budget processes. As such, we ask that departments treat this information as confidential at this time. These are part of the Mayor's deliberative process and are not subject to immediate public disclosure. However, all materials will be subject to public disclosure after decisions have been finalized. At that time, the Mayor's Office will share the outcome and decisions resulting from this work with both the public and the City Council. The outcomes of these processes will be reflected in decisions toward the end of March as it relates to the senior-level position review and later in the year when the Mayor transmits his 2011-2012 proposed biennial budget to the City Council.

We appreciate your cooperation and thoughtfulness in completing these tasks. We recognize that this is challenging work and look forward to working with you as the process unfolds. CBO will continue to provide additional information guidance as may be necessary. If you have any questions, please contact your budget analyst.

Attachments:

2011-2012 Departmental Functions by Priority Worksheet.xlsx